CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name: Meyer Ranch Land Banking Parcel, Sale # 77

Proposed

Implementation Date: Fall 2005

Proponent: Meyer Ranch Inc, grazing lessee **Location:** ALL OF Section 36-T13N-R12W

County: Powell

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, 640 acres of state land currently held in trust for the benefit of Public Schools. Revenue from the sale would be deposited in a special account used to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income and proximity to existing state ownership which would then be held in trust for the benefit of Public Schools. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature. The purpose of the program is for the Department of Natural Resources and Conservation to overall, diversify uses of land holdings of the various trusts, improve the sustained rate of return to the trusts, improve access to state trust land and consolidate ownership.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

A letter was distributed in September 2004 to all state surface lessees informing them of the Land Banking Program and requesting nominations be submitted by lessees between October 1, 2004 and January 31, 2005.

A legal notice was published in the Missoulian on March 27th and April 3rd, Seeley Lake Pathfinder on March 24th and 31st and the Deerlodge News on March 23rd and 30th, 2005 requesting comments be submitted on the proposal by April 25, 2005.

A letter, requesting comments be submitted by April 25, 2005 was sent to interested parties including adjacent landowners, the Madison County Commissioners, the Montana Department of Fish Wildlife and Parks and members of the Negotiated Rulemaking Committee who participated in writing the Administrative Rules for the Land Banking Program. A complete list of the individuals contacted is included in Attachment B of this EA.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

None

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Offer approximately 640 acres of State Land for sale at Public Auction and subject to Statutes addressing the Sale of State Land found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. Proceeds from the sale would be deposited in the Land Bank Fund to be used in conjunction with proceeds from other sales for the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts, in this case Common Schools.

No Action Alternative: Defer inclusion of this parcel in the Land Banking Program. Maintain state ownership of this parcel and continue to manage the trust for revenue to the assigned trust.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.
- Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.
- Enter "NONE" If no impacts are identified or the resource is not present.

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

There is little potential for mineral development although the potential sale of the property would not include mineral rights. No direct or cumulative impact to soils is anticipated as result of the proposal.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

No direct or cumulative impacts to water quality are anticipated as a result of the proposal.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

The tract of land is located approximately ten miles north of Drummond, Mt. Air quality is currently good. Impacts to air quality may result from a variety of activities including road use, agricultural burning, wildfires, industrial development, vehicle emissions or heating system emissions among others. It is unknown what land use activities may be associated with a change in ownership, however the tract is a very small percentage of the valley airshed and we do not expect direct or cumulative effects would occur to air quality as a result of the proposal.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

Range trend is upward, range condition is good to excellent. Vegetation may be affected by numerous land management activities including livestock grazing, development, wildlife management or agricultural use. It is unknown what land use activities may be associated with a change in ownership; however the vegetation on this tract is typical of a land throughout the vicinity and there are no known rare, unique cover types or vegetation on the tract. We do not expect direct or cumulative effects would occur to vegetation as a result of the proposal.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

The parcel of stateland is considered winter range for mule deer and elk. It is unknown what land use activities may be associated with a change in land ownership however, there are no unique or critical wildlife habitats associated with the state tract and we do not expect direct or cumulative wildlife impacts would occur as a result of implementing the proposal.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

This parcel is located inside of the occupied grizzly bear habitat.

Gray Wolf (federally an Endangered species)--this parcel is located near a pack that has difficulties avoiding livestock. The parcel is located within a bald eagle home range. However, the habitat is not conducive to eagles (unless the purchaser will be running domestic sheep--which eagles sometimes have problems avoiding). Columbian Sharp-tailed Grouse has notoriously low population numbers in this area. Montana Natural Heritage Program commented that Lynx is located in the general area.

No occurrence on the state tract has been established and no important habitat is present. No direct or cumulative impact to Threatened, Endangered or unique wildlife is anticipated as a result of the proposal.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

The presence or absence of antiquities is presently unknown. A class III level inventory and subsequent evaluation of cultural and paleontologic resources will be carried out if preliminary approval of the parcel nomination by the Board of Commissioners is received. Based on the results of the Class III inventory/evaluation the DNRC will, in consultation with the Montana State Historic Preservation Officer, assess direct and cumulative impacts.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

There are no prominent topographic features on the state land. Adjacent land to the north of the tract has been subdivided and the tract is visible from some of the residences in the subdivision. However, the state land does not provide any unique scenic quality not also provided by adjacent lands. No direct or cumulative impact to aesthetics is anticipated as result of the proposal.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

This 640 acre tract is part of the common school trust of which there are more than 4.6 million acres within the state. The statutes limit the sale of trust land to a maximum of 20,000 acres prior to purchasing replacement lands. The potential sale of this tract would affect an extremely small percentage of the common school trust land if replacement land was not purchased before the statute expires and even less impact if replacement land is purchased as anticipated.

The potential transfer of ownership would not have any impact or demands on environmental resources of Land water, air or Energy.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

Grazing Lease Range evaluations have been conducted on this tract and are in the Department files.

This 640 acre tract is part of an initial proposed sale of state land not to exceed 20,000 acres within the state and under concurrent analysis. There are no known state or federal actions in the vicinity and no known future actions proposed by the state which would have cumulative impacts with this proposal.

IV. IMPACTS ON THE HUMAN POPULATION

- RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.
- Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.
- Enter "NONE" If no impacts are identified or the resource is not present.

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

No impacts to human health and safety would occur as a result of the proposal.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

The tract of land is currently leased for grazing purposes (194 Unit Months). The current lessee, Robert E. Meyer, submitted the Nomination for Sale of the tract. The Meyer Ranch owns substantial acreage entirely surrounding the state lease which it manages for livestock grazing and wishes to incorporate the state land into its deeded ownership. The lessee by statute has an opportunity to meet the high bid of any prospective purchaser. There is no legal public access to the state land which is surrounded entirely by the Meyer Ranch. Potential purchasers therefore are adjacent private landowners. The state land is currently unzoned.

There is a Northwestern Energy easement, 10.13 acres in size and located in the W2W2. The potential sale of the state land would be subject to all existing easements and would not affect the rights of easement deed holders.

It is unknown if a change in use would occur if the tract was transferred to another owner. Any future change in land use would be subject to review under state and local regulations intended to address impacts to local industrial, commercial and agricultural activities. No direct or cumulative impacts are anticipated as a result of the proposal.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

The proposal would have no affect on quantity and distribution of employment.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

Currently the tract is not assessed taxes. The sale would put new land on the county tax base, thus increasing revenue to the county.

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

The proposed sale would not have an impact on government services.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

The tract is currently unzoned. The Growth Policy land use designation is 1 dwelling unit per 160 acres. Any future proposal to develop the property would be subject to review and approval under state and local regulations.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

The tract of state land does not provide access to any recreational or wilderness areas in the vicinity. The tract of land does not have legal access. It is unknown what recreational uses would be allowed under different ownership.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

The potential ownership transfer of this tract would not require additional housing or impact population changes. It is unknown what land uses would occur under new ownership. Any future proposal to develop the property and increase housing would be subject to review under state and local regulations.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

The potential sale of the state land will not directly or cumulatively impact cultural uniqueness or diversity. It is unknown what management activities would take place on the land if ownership was transferred.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

The tract currently has a grazing lease for 194 Animal Unit Months (AUM) at a rate of \$5.91/AUM and generating an income of \$1146.54 or approximately \$1.79/acre in 2004. Based on the DNRC Annual Report for Fiscal Year 2004, the average income for the 4.3 million acres of grazing land was \$1.28/acre with an average productivity of .25 acres/ AUM. Therefore this tract is considered slightly above average in productivity and producing slightly above average revenue per acre. There is no indication the tract, if remaining in state ownership, would be used for purposes other than grazing and it is likely the future income would remain relatively stable.

An appraisal of the property value has not been completed to date. Under DNRC rules, the appraisal would be conducted after preliminary approval to proceed is granted by the Board of Land Commissioners and the Department is conducting more detailed evaluations in order to make a final determination on whether to offer the tract for sale. The revenue generated from the sale of this tract is intended to be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Trust. It is anticipated the replacement property would have legal access and be adjacent to other trust lands which would provide greater management opportunities and income. If replacement property was not purchased prior to the expiration of the statute, the revenue would be deposited into the permanent trust for investment. Conservatively assuming an appraised value of \$1000/acre, the current annual return on the asset value for this tract is 0.18%.

EA Checklist Prepared By: Name: Liz Mullins Date: 5/10/05
Title: Land Use Planner

V. FINDING

25. ALTERNATIVE SELECTED:

I have selected the proposed alternative, recommend the tract receive preliminary approval for sale and continue with the Land Banking process.

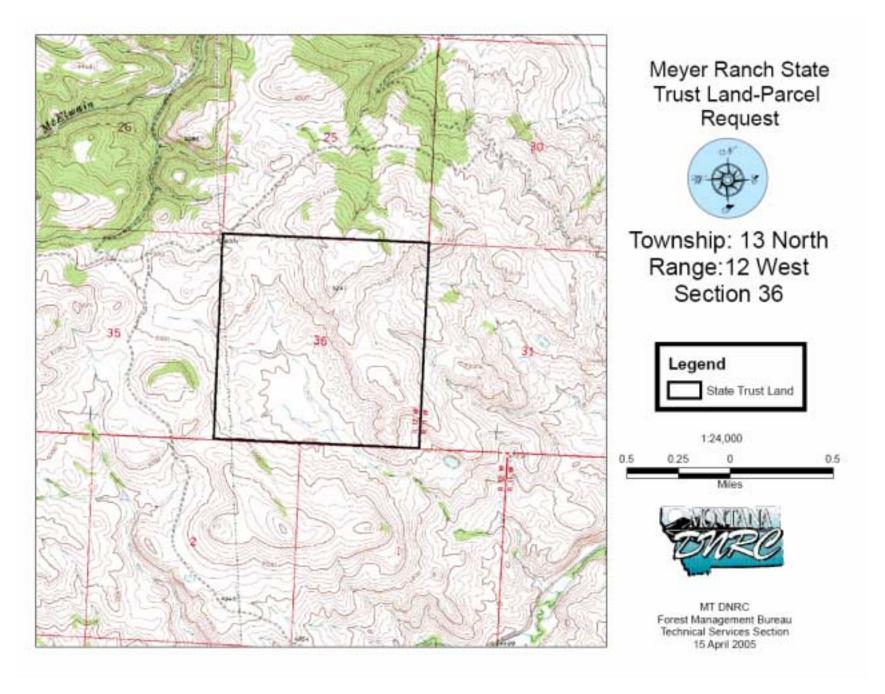
26. SIGNIFICANCE OF POTENTIAL IMPACTS:

I have evaluated the comments received and potential environment affects and have determined significant environmental effects would not result from the proposed land sale. The parcel does not have any unique

characteristics; critical habitat or environmental conditions indicating the parcel should necessarily remain under management by the Department of Natural Resources and Conservation. There are no indications the parcel would produce substantially greater revenue or have substantially greater value to the trust in the near future.

I have reviewed the comments and believe that all concerns have been adequately addressed under the appropriate headings.

. NEED FOR FURT	HER ENVI	RONMENTAL ANALYSIS:		
EIS		More Detailed EA	x No Further Analysis	
EA Checklist Approved By:	Name:	Stephen J. Wallace		
	Title:	Clearwater Unit Manager		
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Attachment B—List of Contacts

Robert E. Meyer 300 Red Angus Lane Helmville, MT 59843

James Hasty 4320 Von Karman Newport Beach, CA 92660

Adjacent Land Owners

Manley Ranch 543 Helmville Road Drummond, MT 59832

Plum Creek Timber Company LP 999 3rd Ave Ste 4300 Seattle, WA 98104-4096

County Commissioners:

Gail Jones 409 Missouri Avenue Deer Lodge, MT 59722-1084

Dwight O'Hara 409 Missouri Avenue Deer Lodge, MT 59722-1084

Ralph Mannix 409 Missouri Avenue Deer Lodge, MT 59722-1084

Powell County Planner

Ron Hansen 409 Missouri Avenue Deer Lodge, MT 59722-1084

House District 17

Rick Ripley 8920 Montana Highway 200 Wolf Creek, MT 59648-8639

Senate District 9 John Cobb PO BOX 388 Augusta, MT 59410-0388

State Agencies

MackLong/Sharon Rose REGION 2 OFFICE MONTANA FISH WILDLIFE & PARKS 3201 SPURGIN ROAD MISSOULA MT 59804-3099

State Historic Preservation Office PO Box 201202 Helena, MT 59620-1202

Federal Agencies

Debbie Austin Lolo National Forest Fort Missoula Road, Building 24 Missoula, MT 59804

Nancy Anderson Bureau of Land Management Missoula Resource Area 3255 Fort Missoula Road Missoula, MT 59804

Greg Neudecker US Fish & Wildlife Service Benton Lake Wetland Management District 922 Bootlegger Trail Great Falls, MT 59404

Tribal Historic Preservation Office Confederated Salish and Kootenai Tribes P. O. Box 278 Pablo, MT 59855

Jerry Sorenson, Plum Creek Timber Company LP PO Box 1990

Columbia Falls, MT 59912

Special Interest Groups

Trout Unlimited PO Box 7186 Missoula, MT 59807 Bernie Hall The Nature Conservancy 32 South Ewing, Suite 215 Helena, MT 59601

MonTRUST P O. BOX 111 Missoula MT 59870

Five Valley's Land Trust Attn Wendy Nineteman P.O. Box 8953 Missoula, Mt 59807

Rocky Mountain Elk Foundation PO Box 8249 Missoula, Mt 59807-8249

Pyramid Mtn Lumber Company Attn Doug Mood PO Box 42 Seeley Lake, MT 59868

Friends of the Wild Swan PO Box 1630 Swan Lake, MT 59911

Ecology Center 801 Sherwood, Suite B Missoula, MT 59802

Alliance for the Wild Rockies P. O. Box 8731 Missoula, MT 59807

Blackfoot Challenge Attn Tina Bernd-Cohen PO Box 563 Helena, MT 59624

NEGOTIATED RULEMAKING COMMITTEE

Anne Hedges Montana Environmental Information Center PO BOX 1184 HELENA MT 59624

Bill Orsello/Stan Frasier MONTANA WILDLIFE FEDERATION PO BOX 1175 HELENA MT 59624 Bob Vogel Montana School Boards Association One South Montana Ave. Helena, MT 59601

Daniel Berube 27 Cedar Lake Dr. Butte, MT 59701

Ellen Engstedt MONTANA WOOD PRODUCTS PO BOX 1149 HELENA MT 59624

Harold Blattie Montana Association of Counties 2715 Skyway Dr. Helena, MT 59601

Jack Atcheson, SR. 3210 OTTAWA BUTTE MT 59701

Janet Ellis MONTANA AUDUBON PO BOX 595 HELENA MT 59624

Leslie Taylor MSU Bozeman P.O. Box 172440 Bozeman, MT 59717-0001

Nancy Schlepp MT FARM BUREAU FEDERATION 502 S 19th, SUITE 4 BOZEMAN MT 59715

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